

# Chapter 15

## Berlin: Kreuzberg Acts—Entrepreneurship in the District

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### 15.1 Introduction

This chapter looks at *Lok.a.Motion*, a social enterprise in the district of Friedrichshain-Kreuzberg in Berlin, and specifically one of its projects: *Kreuzberg Acts*.<sup>1</sup> The project stimulates entrepreneurship among job-seeking residents and supports local entrepreneurs. The intellectual framework in which Lok.a.Motion is embedded is made up of three discourses: on social entrepreneurship, urban and community development and the local economy. In practical terms, the *Kreuzberg Acts* project pursues a twofold approach towards social inclusion: on the one hand, jobseekers and local entrepreneurs receive comprehensive consultancy. For instance, participants are coached in how to apply for public subsidies for entrepreneurial activities or how to launch an effective marketing campaign. On the other hand, the project is striving for street credibility by building bridges to the local economy. From a funding perspective, the project bridges European, federal and local labour market programmes and thus breaks the usual patterns of vocational training. In order to illustrate and contextualize Lok.a.Motion and *Kreuzberg Acts*,<sup>2</sup> we will describe five dimensions: (1) the innovative aspects of the project, (2) the types of services and

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<sup>1</sup> The project ran from 2009 to 2012. Nevertheless, the chapter is written in present tense to allow for easy reading.

<sup>2</sup> Besides the analysis of grey literature (conceptional guidelines, internal documents, press releases) and newspaper articles, this chapter is based on two expert interviews with the managers of Lok.a.Motion and *Kreuzberg Acts* and one interview with a female entrepreneur—an experienced user of the project. The interviews were carried out in August 2012 and transcribed by the author.

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the way of addressing users, (3) Lok.a.Motion's internal organization and modes of working, (4) the embeddedness of the project in the local welfare system and (5) to conclude, the general lessons to be learnt from the innovation.

## 15.2 *Kreuzberg Acts: The Innovation*

Innovation results in the intertwining of economic and social concerns by linking two issues that are usually separated: on the one hand, individual consultancy and guidance for entrepreneurs seeking to strengthen their businesses; on the other hand, a concern with community revitalization by restoring confidence among local stakeholders. *Kreuzberg Acts* thus combines approaches that have so far been pursued in parallel, that is, in the sectors of employment and urban development.

Originally founded as a nonprofit organization for youth welfare and the local economy, the provider of the project, Lok.a.Motion, recast its organizational form by itself becoming a social enterprise (see for an overview Nyssens 2006; Ridley-Duff and Bull 2011) that generated a culture of mutual trust among relevant stakeholders in the district. In practice, as stated by Ms. Kiczka-Halit, the manager of Lok.a.Motion, "wrap-around activities" such as networking, lobbying and public relations work help to foster sustainable cooperation and partnerships between local authorities, businesses and civil society actors (see for an overview Blokland and Savage 2008). As an intersection between European and federal (vertical) programmes for promoting self-employment and local (horizontal) approaches that promote urban development, Lok.a.Motion opens up new opportunities for supporting jobseekers and struggling entrepreneurs by devising small-scale business ideas that are compatible with the local social ecology. Hence, the social enterprise's work is characterized by the tailor-made bundling of resources, a commitment to urban renewal and a unique understanding of the nature of local governance. Dedicated to people's *economic* and *social* inclusion, Lok.a.Motion wants to make a difference in a district that is characterized by a challenging degree of diversity and inequality. Respective needs are met through networked, continually refined, schemes that are carefully adopted to the specific character of the local economy.

### 15.2.1 *Types of Services and Ways of Addressing Users*

According to the conceptual guideline of *Kreuzberg Acts*, social inclusion is thought of as something that is present in a local environment and depends strongly on the range of people's opportunities to realize their entrepreneurial potential. As such, service offers are twofold: On the one hand, people are encouraged in their decision to become self-employed by the provision of support to improve their skills as entrepreneurs before applying for a start-up financing grant. On the other hand, individual consultancy and coaching is accompanied by collective support for the

local community of existing entrepreneurs who are struggling to stabilize their businesses. The collective dimension of the project includes developing common marketing campaigns, facilitating networking and boosting joint ventures between local businesses. “We not only help individual local entrepreneurs to make the best of their potential, but we also feel responsible for the long-term development of the district’s local economy”, explained the project manager.

The project has reinforced local social inclusion in various ways. First of all, stabilizing and building up local business helps people to keep in the world of work and to get them *off the dole*. However, project leaders apply a broader notion of social inclusion, meaning more than just being independent of social assistance. Social inclusion is understood as an open process that is not divided into single stages consisting merely of on-the-job training. Instead, two aspects are intertwined: qualifying and strengthening of people as local entrepreneurs and helping to bring about a vivid local community that people belong to and can participate in easily (Blokland and Nast 2014). Perceiving project users as social beings embedded within a local context calls for an approach that is sensitive to people’s multiple ties and requires complex ways of addressing users. For instance, one entrepreneur, a 25-year-old owner of an American diner restaurant, reported that she had been visited continuously by a consultant of *Kreuzberg Acts* who addressed her from the beginning as a member of the local community of entrepreneurs—a dimension of belonging she had not been aware of previously. After strengthening the “we-feeling” through, for example, regular get-togethers of local entrepreneurs and/or joint ventures (e.g. exhibitions from local artists in shops and bistro cafés), project users have been addressed in other identities too. First of all, as local entrepreneurs, they have been challenged to adapt their businesses to the local environment in a sustainable way. This requires not only a solid entrepreneurial spirit—namely, “being fully convinced of their own business idea and ready to work on it seven days a week for at least 14 hours”, as one entrepreneur user put it—but also a sense of the neighbourhood where the start-up should succeed. In order to develop the latter, project leaders organized several workshops where participants mapped the diversity of the local economy, identified vacancies, analyzed needs and consumer preferences and were trained as experts for the respective location.

Moreover, *Kreuzberg Acts* addresses project users both as citizens with social and economic rights, who are entitled to subsidies or start-up grants from the federal state or the European Union, and as active citizens, who can co-shape the development of the urban space in which they live and work. On the one hand, this means consulting entrepreneurs about existing financial support schemes, legal rights and duties. On the other hand, project leaders activate their clientele as active community members, focusing on the social and political processes that may affect their economic success as (future) entrepreneurs. In short, due to strong local references, *Kreuzberg Acts* addresses entrepreneurs as citizens and community members within the local economy. In all these roles, project participants learn not only that their entrepreneurial success depends on their individual competences and on sufficient incubation time for their business idea but also that it is inseparably linked to the overall development of the local area.

### 15.2.2 *Internal Organization and Modes of Working*

*Kreuzberg Acts* operates in three neighbourhoods that have special development needs. All of them belong to the *neighbourhood management* programme that combines spatial and urban planning with sectorial policy interventions. The project is funded by a federal programme of the European Social Fund (ESF) called *Education, Economy and Labour in the Neighbourhood*, which aims at innovative interventions in managed neighbourhoods. *Kreuzberg Acts* is one of several projects organized by Lok.a.Motion, an organization that operates at the crossroads between the European and federal labour market programmes and the local level. In recent years, Lok.a.Motion has run four major projects and has initiated several forms of cooperation with local stakeholders. Pursuing an increasingly entrepreneurial approach, Lok.a.Motion now has the legal status of a nonprofit limited liability company. Its managers apply their conviction that labour market policies have to combine social and economic aspects to the development of their own organization. Gradually, a project-orientated consultancy has emerged that now comprises a core of eight to ten permanent employees and a wider pool of contract-based freelancers, who are engaged when their services are required.

With respect to internal working relations, Lok.a.Motion represents a sharp contrast to the traditional public administration, in which the number of staff is stable and jobs are socially protected. The enterprise thus promotes a working culture that can withstand financial uncertainties and changing situations concerning project tenders in an unstable environment. Having few permanent staff enables Lok.a.Motion to decide whether a certain project actually suits its key professional principle: that any engagement must pursue the development of the social environment where it takes place. The flip side of this high degree of flexibility is that Lok.a.Motion is not a good employer in traditional terms. The social enterprise relies on insecure, precarious jobs. "Everybody who works for us knows that her/his job is limited but could be extended through the approval of future projects", states Ms. Kiczka-Halit, the manager of Lok.a.Motion.

### 15.2.3 *Embeddedness of the Project in the Local Welfare System*

*Kreuzberg Acts* is a hybrid in the local welfare system, being both embedded and disembedded at once. This ambiguity is mirrored in the project's relations to the job centre and local authorities, the two most important welfare providers at local level. Although both institutions acknowledge the work of the project, *Kreuzberg Acts* is perceived mainly as an *ad-hoc consultant* for vocational training while lacking the status as an *ordinary* service provider with regular funding. As a result, *Kreuzberg Acts* fills a rather uncertain intermediate position that requires a cooperative manner and a trust-generating relationship with local stakeholders.

However, this approach has its limits due to the constant need for “co-competition”—a term coined by Ray Noorda, founder of a software company, for the business sector (Brandenburger and Nalebuff 1996, pp. 4–5)—which refers to both a *co-operative* and *competitive* relationship with other projects. On the one hand, social enterprises such as Lok.a.Motion have to defend their project designs and modes of working against the theft of innovative ideas (a danger that calls for a patent law for innovative concepts). On the other hand, close cooperation and regular knowledge exchange with similar projects is a precondition to having a stake in the local welfare system. Nonetheless, fruitful cooperation with competitors *and* partners is still possible, as demonstrated by common workshops for developing integrated approaches to socio-spatial challenges, for example.

In comparison to the working culture of established welfare institutions, the way of addressing users is what differentiates *Kreuzberg Acts* the most. This is a world away from the job centre approach of integrating people. Here, the project’s process-orientated approach, which involves encouraging people to realize their entrepreneurial potential in a gentle way, coincides with the job centre’s perspective based on the verdict of employability. “There is no lobby for the unemployed founding a start-up as an aspect of social reintegration”, says the manager of Lok.a.Motion, who misses sufficient opportunities and time for people to develop their own ideas. Instead, the job centre, in its rush to get people into employment, fears that the self-employed, especially when starting up, will become still more dependent on transfer payments and therefore will not disappear from the unemployment statistics.

Measured in terms of cooperation with local and state authorities, Lok.a.Motion is a fairly well-embedded partner. Within the past ten years, Lok.a.Motion took part continuously in a range of local programmes that dealt with the support of entrepreneurship and raised hopes for regular financing. However, the fundamental federal law for *start-up financing*, which applies to all the relevant programmes, has been reformed several times. As a result, the route to self-employment became more complicated. Instead of being “pushed” into self-employment schemes, applicants must nowadays be “pulled”, receiving grants after a complex procedure to prove that they cannot find a “normal job” as an employee and that they have sufficient entrepreneurial skills to risk self-employment. Based on these changes, the Berlin Senate and district authorities reduced their financial commitment to imposing programmes for future entrepreneurs. “We are noticing a backwards development”, says Ms. Kiczka-Halit, adding that especially at the Senate level, the term *entrepreneur* is used exclusively for high potentials that should build up the city’s much-vaunted creative economy. This kind of risk-averse attitude is typical of the Berlin authorities, which allow innovators on the ground very little leeway for experimentation but are only prepared to commit if social investments are absolutely *sure* to pay off. For instance, Lok.a.Motion’s proposal for providing start-ups with a so-called “experimental budget” that may help them to build up operating business structures was rejected by district authorities.

Despite these shortcomings in terms of institutional support, Lok.a.Motion has developed strategies for using the local welfare system for its own goals. In this respect, gaining *change agents* for certain endeavours has proved a promising ap-

proach. Convincing the district mayor or the manager of the job centre of a specific project, for example, has turned out to be more successful than attempting to break down routine patterns of vocational training all at once. Thus, as Ms. Kiczka-Halit puts it, “building up networks of open-minded supporters” is a precondition for transforming an inventive approach into an innovation.

### 15.3 Conclusion

Is the innovative approach of *Kreuzberg Acts* transferrable to or replicable in other welfare systems? Basically, the project is dedicated to improving labour market perspectives for local citizens facing socio-economic change in their neighbourhoods. However, the way that the project responds to this challenge is not bound to a particular location. Three general lessons can be learnt from the project:

First, social and economic concerns need to be bridged by an integrated approach that is adapted carefully to a manageable area. Hence, a tight bundling of local key issues, such as urban development, unemployment and citizen participation, is necessary in order to arrive at coherent solutions.

Second, innovators have to cross the divide between enabling individual project participants on the one hand and a collective commitment to community work on the other hand. As such, investments in wrap-around-activities beyond the core of the project and efforts to gain strategic partners (who may further disseminate the innovation) will pay off in the long term.

Third, people’s overall benefit from an innovative project seems more sustainable if they are addressed as full persons with multiple identities and numerous ties within a social environment. Thus, entrepreneurs should also be strengthened as embedded citizens (*civic entrepreneurs*) and community members by locally appropriate support measures.

Finally, a critical reflection is needed on the overall status of *social* innovations. In contrast to socio-technological innovations (e.g. car-sharing) or creative start-ups (e.g. in the fields of design and lifestyle), piecemeal innovations such as *Kreuzberg Acts* seem to have less sex appeal. Aiming at social cohesion and community renewal in the first place, social projects have difficulty garnering sufficient support—especially at a time when public policy is focusing on stimulating all kinds of entrepreneurialism, purely and simply.

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